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Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 AID-05

OMB-01 TRSE-00 L-03 SS-15 NSC-05 SP-02 PA-01 PRS-01

IO-13 USIA-06 /089 W
---------- 093988
R 200500Z SEP 76
FM AMEMBASSY VIENTIANE
TO SECSTATE WASHDC 7037
INFO AMEMBASSY BANGKOK
AMEMBASSY BONN
AMEMBASSY PARIS
AMEMBASSY TOKYO
AMCONSUL HONG KONG
CINCPAC

C O N F I D E N T I A L VIENTIANE 2263

CINCPAC FOR POLAD

E.O. 11652: GDS
TAGS: EAIR LA HK VN JA GW TH
SUBJECT: LAO AVIATION AND OVERFLIGHTS OF SRV AND LPDR

REF A VIENTIANE 1809, B HONG KONG 9523, C HONG KONG 10827

SUMMARY: LAO AVIATION HOPES TO ESTABLISH REGULAR INTER-
NATIONAL ROUTES BUT IS RUNNING INTO DIFFICULTIES BECAUSE
OF DEBTS OWED BY ITS PREDECESSOR, ROYAL AIR LAO, TO
SHELL OIL. MEANWHILE, LUFTHANSA AND JAPAN AIR LINE
FOUND THAT THE SRV CHARGED A HIGH FEE FOR OVER-
FLIGHT PRVILEGES WHILE THE LPDR, FOLLOWING INTERNATIONAL
AIR TRANSPORT ASSOCIATION FEE SCHEDULES, CHARGED LESS.

1. ACCORDING TO LAO SHELL OIL DIRECTOR JOHN CROSSMAN,
LAO AVIATION (LA) HAS EXPRESSED INTEREST IN ESTABLISH-
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ING TWO INTERNATIONAL ROUTES. HE BELIEVED ONE PLANNED

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ROUTE WOULD INCLUDE STOPS IN BANGKOK, KUALA LUMPUR, SOMEWHERE IN VIETNAM (PROBABLY HUE), HONG KONG, CANTON, HANOI AND VIENTIANE. THE SECOND ROUTE WOULD INCLUDE STOPS IN HANOI, HONG KONG, CANTON, HANOI AND VIENTIANE. LA EFFORTS TO PURCHASE PETROLEUM FROM SHELL TO FLY ITS INTERNATIONAL ROUTES ARE PRESENTLY BLOCKED, HOWEVER, BY THE UNRESOLVED ISSUE OF HYEMREBTS TO SHELL OF ITS PREDECESSOR , ROYAL AIR LAO (RAL). WHEREAS LA HAS ASSUMED RAL ASSETS, IT IS UNWILLING TO ASSUME ITS DEBTS. SHELL DEPUTY DIRECTOR DAVID STANLEY TOLD EMBASSY OFFICER THAT RAL STILL OWES ABOUT $73,000 TO SHELL. CROSSMAN SAID SHELL WILL NOT SELL FUEL TO LA ON CREDIT BUT HAS ALREADY SOLD SOME FOR CASH.

2. CROSSMAN DOUBTED THAT AN LA INTERNATIONA ROUTE WOULD EVER BE PROFITABLE. HE NOTED, HOWEVER, THAT LA HAD RECENTLY FLOWN A DC-4 TO HONG KONG TO PICK UP AIR-PLANE PARTS AND THAT A SECOND FLIGHT FOR THE SAME PURPOSE WAS SCHEDULED FOR SEPTEMBER 20.

3. TO PREPARE FOR OPENING INTERNATIONAL ROUTES, THE LPDR HAS SET UP A CLASS IN WHICH AMCIT LARK GOLASKI IS TRAINING FOURTEEN PASSENGER TICKET AGENTS. GOLASKI IS AN EMPLOYEE OF MANLEY ENTERPRISES WHOSE AMCIT OWNEER,

FRANK MANIY, CONTINUES TO PAY HER SALARY WHILE SHE TEACHES. MANLEY THINKS THIS WILL HELP INGRATIATE HIM WITH THE LPDR. GOLASKI THOUGHT THAT WHEN THE CLASS WAS COMPLETED IN MID-OCTOBER, SEVERAL STUDENTS WOULD FLEE TO THAILAND WHERE THEY SHOULD BE ABLE TO FIND JOBS USING

THEIR NEW TICKET WRITING SKILL.

4. A SECOND REASON FOR TRAINING TICKET AGENTS IS TO MAKE POSSIBLE THE IMPLEMENTATIO OF THE LPDR PLAN TO APPOINT LA AS THE SOLE AGENT FOR SELLING PASSENGER TICKETS AND ARRANGING AIR CARGO SHIPMENTS FOR ALL FOREIGN AIRLINES IN LAOS (REF A). GOLASKI TOLD EMBASSY OFFICER, HOWEVER, THAT AEROFLOT FLATLY REFUSHED TO LET LA BECOME ITS AGENT, AND THAI AIRWAYS COMPANY THREATENED

TO SUSPEND SERVICES TO VIENTIANE IF THE PLAN WERE IMPLEMENTED.

5. THE LPDR HAS ALSO NEGOTIATED WITH SOME FOREIGN AIR-LINES FOR THEM TO PAY TO OVERFLY LAOS ON THE DIRECT ROUTE FROM BANGKOK TO HONG KONG. WEST GERMAN CHARGE ADALBERT RITTUMULLER TOLD EMBASSY OFFICER THAT LAO ONLY CHARGED LUFTHANSA $80 PER OVERFLIGHT. HE ADDED, HOW-

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EVER, THAT THE TWO MAN LUFTHANSA DELEGATION TO HANOI NETOTIATING OVERFLIGHT PRIVILEGES (REF B) FOUND THE VIETNAMESE TOUGH BARGAINERS. RITTUMULLER SAID THAT LUFTHANSA AGREED TO PAY $1000 PER OVERFLIGHT TO THE SRV, WHICH SHREWDLY CALCULATED WHAT LUFTHANSA WOULD SAVE BY CUTTING NEARLY ONE HOUR FROM THE FLIGHT TIME FROM BANGKOK TO HONG KONG AND THEN BARGAINED TO GET THE MOST IT COULD, WHILE STILL LETTING THE AIRLINE MAKE A PROFIT. RITTMULLER WAS TOLD BY A GERMAN EMBASSY OFFICIAL IN HANOI THAT THE VIETNAMESE CHARGED A HIGH PRICE BECAUSE THEY DID NOT FOLLOW THE INTERNATIONAL AIR TRANSPORT ASSOCIATION FEE SCHEDULES FOR OVERFLIGHTS, AS THE LAO DID.

6. SECOND SECRETARY OF THE JAPANESE EMBASSY, YUKIYA AMANO, TOLD EMBASSY OFFICER THAT JAL WILL PAY THE SRV $800 AND PHE LPDR $70 PER OVERFLIGHT.

7. SECOND SECRETARY OF THE AUSTRALIAN EMBASSY IN HANOI TOLD EMBASSY OFFICER THAT THE BURMESE NATIONAL AIRLINE IS ALSO NEGOTIATING FOR LANDINGS RIGHTS IN THE SRV BUT THAT NO AGREEMENT HAS BEEN CONCLUDED.

8. COMMENT: RITTMULLER'S REPORT THAT LUFTHANSA WILL APY $1000 TO THE SRV FOR EACH OVERFLIGHT DIFFERS FROM THE REPORT IN REF C THAT LUFTHANSA WILL PAY $200 PER OVERFLIGHT.
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